

### REMARKS

The examiner rejected Claims 1-19 under 35 U.S.C. 112, second paragraph, as being indefinite. The examiner contends that:

**Claims 1-19 are not sufficiently precise due to the combining of two different statutory classes of invention in a single claim. The preamble the claim refers to a system, but the body of the claim discusses the specifics of a process (" trade monitoring..., trade comparison .. trade filtering..."). A claim is considered indefinite if it does not apprise those skilled in the art of its scope. Amgen, Inc. v. Chugai Pharm. Co., 927 F. 2d 1200, 1217 (Fed. Cir. 1991).**

Claims 1-19 are definite and this rejection is specifically traversed. Claim 1 recites:

1. A computer system executing a trade filtering process for identifying suspect trades, the computer system executing processes comprising:  
a trade monitoring process for monitoring a trade price associated with each trade of a specific stock during a trading session;  
a trade comparison process, responsive to the trade monitoring process, for comparing the trade price of each trade of a specific stock to a known acceptable price for that specific stock to identify which trades are suspect trades; and  
a suspect trade filtering process, responsive to the trade comparison process, for preventing the processing of suspect trades.

Claim 1 is clearly directed to an apparatus, namely a computer system. The claimed apparatus, namely a computer system is executing a trade filtering process. The trade filtering process includes various processes, as recited in the claim and which correspond to, e.g., software routines executed in the computer system. This would be apparent to a person of ordinary skill in the computer arts and in the financial arts. While the examiner may prefer that the applicant phrase the subject matter differently, it is impressive for the examiner to reject a claim that is clearly understandable to one of ordinary skill in the art. Therefore, this rejection is improper and should be removed.

The examiner rejected Claims 1-19 under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter. The examiner stated:

**35 U.S.C. §101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture or composition of matter or new and useful improvement thereof (emphasis added). Applicant's claims mentioned above are intended to embrace or overlap two different statutory classes of invention as set forth in 35 U.S.C. §101. The claim begins by discussing a computer system (ex. Preamble of claims 1-19), the body of the claim discusses the specifics of a process (" trade monitoring..., trade comparison .. trade filtering...") (see rejection of claims under 35 U.S.C. §112, second paragraph, for specific details regarding this issue). "A claim of this type is precluded by express language of 35 U.S.C. §101 which is drafted so as to set forth statutory the statutory classes of invention in the alternative only", Ex parte Lyell (17USPQ2d 1548).**

**For examination purpose, the examiner will give these claims their broadest interpretation and treat them as process/method claims.**

Applicant disagrees that Claim 1 is directed to two different statutory classes of invention. Claim 1 is directed a "computer system, executing a trade filtering process." Claim 1 clearly falls within the statutory class of machine. That, applicant chose to recite a trade filtering process including various processes does not make a claim directed to an apparatus non-statutory. As explained above the recited processes correspond to software routines that are executed on the computer system. However, the computer system is the subject of the claimed invention that must be used by the examiner to establish a statutory class.

The examiner's argument that applicant has included two statutory classes is fundamentally in error. Claim 1 does not recite "a computer system and a method" or the like, but merely calls for a computer system. A computer system is a tangible real world element. Moreover, claim 1 does not recite steps of a "process" referred to by 35 U.S.C. 101. Therefore, this rejection is improper and should be removed.

The examiner rejected Claims 1-4,12, 23-24, 30-31 and 34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Vogel et al (US Patent 6944599).

Rather than repeating the substance of the rejection, the examiner is asked to review the office action. Applicant has furnished herein an excerpt from the rejection, where the examiner contends that Vogel teaches: "... a suspect trade filtering process, responsive to the trade comparison process, for preventing the processing of the suspect trades (col. 3, lines 22-26); a

suspect trade resolution process for determining if each the suspect trade is a bad trade (col. 4, lines 54-58)." The examiner contends:

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Applicant contends that the examiner has not applied these guidelines correctly. At the outset, the guidelines require the examiner to determine the scope and content of the prior art. It is not clear to Applicant that the examiner has done any more than conducted a search. Next, this test requires that the examiner ascertain the differences between the prior art and the claims. The examiner has not done this either. Rather, the examiner has merely made terse citations to unrelated teachings in Vogel. These guidelines next require that the examiner resolve the level of ordinary skill in this art. Applicant does not see where the examiner has done this and asks upon what basis the examiner could resolve this issue, since the examiner has neither taken testimony nor deposed any expert witnesses to resolve the level of ordinary skill in the pertinent art. Finally, these guidelines require the examiner to consider objective evidence present in the application indicating obviousness or non-obviousness of the subject matter of the claims. The examiner has not done either.

With this background in mind, Applicant's Claim 1 calls for a computer system executing a trade filtering process. Claim 1 includes a trade monitoring process for monitoring a trade price associated with each trade of a specific stock during a trading session, a trade comparison process, responsive to the trade monitoring process, for comparing the trade price of each trade of a specific stock to a known acceptable price for that specific stock to identify which trades are suspect trades and a suspect trade filtering process, responsive to the trade comparison process, for preventing the processing of suspect trades.

Vogel is directed to a Network-based transaction facility and specifically concerns automated reporting information useful to the facility for a variety of reasons including record

keeping, generating statistics, calculating revenue, etc. Vogel specifically is directed to an Internet-based retailer that generates a report listing the items sold during the day and the revenue generated by the sales. Vogel further describes that:

**For a network-based transaction facility, such as an Internet-based auction facility, and its users, information regarding sales is particularly important for setting fees and providing price guidance to users. Fees may be set based on volume or price of the items sold for individual users. The network-based auction facility may use sales information and statistics to determine how to set fees. The network-based auction facility may further use information generated on a periodic basis to guide sellers in setting prices at which to sell their items or buyers in bidding for items by indicating the average price or price range of the type of product being sold. Thus, there is a need for accurate reporting of information.**

Applicant's invention however is directed to different concerns, namely to a trade filtering process... associated with trades of a specific stock during a trading session. While Vogel teaches reporting of information, Vogel fails to describe or suggest ... a suspect trade filtering process, responsive to the trade comparison process, for preventing the processing of suspect trades. Vogel does not describe this feature whether at Col. 3, lines 22-25 or elsewhere. Vogel merely describes to remove irregular entries from a data representation. However, that teaching does not affect the processing of the auction (i.e., preventing the processing of suspect trades) of the item in Vogel, but mere affects statistics on reporting of the auction of the item.

In the examiner's "Response to Arguments" the examiner responds that: "Applicant argued that the Vogel fails to suggest a suspect trade filtering process.... The examiner disagrees. In col. 3, lines 22-25, Vogel teaches "irregular monitoring system 27 which performs algorithms to remove irregular and suspect data items". See also col. 2, lines 27-30 and lines 44-47."

Vogel at Col. 2, lines 27-30 discloses:

**A method and system for monitoring and automatically reporting irregular activity on a network-based transaction facility are described. In the following description, for purposes of explanation, numerous specific details are set forth in order to provide a thorough understanding of the present invention. It will be evident, however, to one skilled in the art that the present invention may be practiced without these specific details." Vogel at Col. 2, lines 44-47 discloses: "The term "suspect" shall be taken to indicate requiring further investigation or scrutiny. The term "irregular" shall be taken to indicate a derivation from a norm or an exceeding of boundaries or a range.**

At Col. 3, lines 22-25, Vogel discusses:

**Database engine server 22 includes an irregular activity monitoring system 27 which performs algorithms to remove irregular and suspect data items from data representations, as described below with reference to FIGS. 4-8.**

However, neither in those cited passages nor elsewhere does Vogel teach: “a suspect trade filtering process, responsive to the trade comparison process, for preventing the processing of suspect trades.” Vogel merely at best teaches to remove suspect trades from a data representation of such trades. However, Vogel describes a data representation as: “If the end of the set has been reached, the system proceeds to processing block 507 where a report or other data representation is generated where the data representation only includes items having an irregular flag value of 0.” [Vogel Col. 6, line 23-28].

Rather, Vogel clearly teaches away from this feature. For example, at Col 5, lines 59-65, Vogel describes:

**When irregular activity has been found, an email may be sent to the seller and/or bidder at an address associated with the user identifier of the seller and/or bidder. The seller and/or bidder may further be banned from participation on the auction site by using the pointer linking to the user table to update a "irregular\_user" or similar field in the user record of the seller and/or bidder.**

Vogel also discloses that: “An auction site 10 may charge sellers fees based on the selling price of an item. Thus, the auction site may use the formula for determining fees to determine a threshold fee for monitoring irregular activity.” [Vogel Col. 5, Lines 1-5] Vogel also discloses that: “The threshold values may be listed in U.S. dollars for uniformity. Although the transaction is completed in Japanese yen, the threshold value will be listed in dollars and the highest bid will be converted from yen to dollars to compare whether the threshold value has been exceeded. Thus, a transaction completed in Japanese yen won't be limited to the threshold set for transactions in U.S. dollars and transactions in U.S. dollars won't be limited to thresholds set for Japanese yen.” [Vogel Col. 5, lines 21-29].

It is clear therefore that Vogel does not describe and indeed would teach away from preventing processing of the trade as recited in claim 1, since there is no motivation, e.g., an economic interest or otherwise, to the affected parties to prevent the trade and in fact they may desire that the trade to proceed, but clearly there exists an interest in sanitizing data on the trade for reporting purposes, so as not to distort selling fees and the like.

Claims 2-19 further limit claim 1 and are allowable at least for the reasons discussed in claim 1.

For instance, claim 3 requires “a known price determination process for determining a last known good price for the specific stock being traded” and claim 4 requires: “a price acceptability window process for determining the known acceptable price, wherein the known acceptable price is an acceptable range of prices that span from a specific amount below the last known good price to a specific amount above the last known good price, with trades that have trade prices that do not fall within the acceptable range of prices being considered suspect trades.

Vogel on the other hand teaches: “If the category is computers, for example, the category may be assigned an irregular activity threshold of \$15,000 or another amount that would indicate that the item or the bid is irregular (or outside the normal range).” [Vogel col. 4, lines 34-37].

Vogel does not suggest much less describe: “a known price determination process for determining a last known good price for the specific stock being traded” as in claim 3 or “...the known acceptable price is an acceptable range of prices that span from a specific amount below the last known good price to a specific amount above the last known good price...,” as in claim 4.

Claims 5-8 further distinguish since Vogel does not teach a last known good price adjustment process for adjusting the last known good price of the specific stock being traded to any of the criteria specified in these claims.

Claims 9-11 distinguish since Vogel does not suggest a last known good price initiation process for adjusting the last known good price of the specific stock being traded to be equal to a reference value whenever the stock is being traded for the first time in the trading session, as in claim 9 or the specifics of claims 10 and 11.

Vogel clearly does not suggest claim 13, which requires that the suspect trade resolution process includes a non-suspect price determination process ... a suspect trade acceptability window process ... and a last known good price adjustment process for adjusting the last known good price of the specific stock being traded to be equal to the trade price of the last non-suspect trade. Vogel does not discuss any adjustments to be made to the last known good price of the specific stock.

Claims 15-19 add additional features not described by Vogel.

Claim 20 is directed to method of preventing processing of suspect trades... comparing ... the trade price of each trade of a specific stock to a known acceptable price for that specific stock, with the acceptable price being a range of prices that span from a specific amount below to a specific amount above the last known good price, to determine which trades are suspect trades, which have trade prices that fall outside the acceptable range of prices, preventing processing of the suspect trades... adjusting the last known good price of the specific stock being traded to be equal to the trade price of the last non-suspect trade. No combination of Vogel with Sposito to teach this feature.

Vogel only teaches to determine if the price based value is greater than a predetermined price based value, Vogel does not teach determining if the price of the trade falls outside of a window price based value and Sposito only teaches: "The result is subtracted from the last sale price, giving the adjustment factor. If the adjustment factor is greater than zero, then the process creates a new sell/stop by subtracting the adjustment factor from the last sale price. If the adjustment factor is less than, or equal to, zero, the process does nothing. If a new sell/stop number is created, the process will inform the owner of the revised sell/stop number." Hence neither reference nor any combination of these references suggests, e.g., to determine which trades are suspect trades, which have trade prices that fall outside the acceptable range of prices, preventing processing of the suspect trades... .

Claims 21, 22, 25-29 are allowable at least for the reasons discussed in claim 21.

Canceled claims, if any, have been canceled without prejudice or disclaimer.

Any circumstance in which the applicant has addressed certain comments of the examiner does not mean that the applicant concedes other comments of the examiner. Any circumstance in which the applicant has made arguments for the patentability of some claims does not mean that there are not other good reasons for patentability of those claims and other claims. Any circumstance in which the applicant has amended or canceled a claim does not mean that the applicant concedes any of the examiner's positions with respect to that claim or other claims.

A Notice of Appeal is enclosed herewith.

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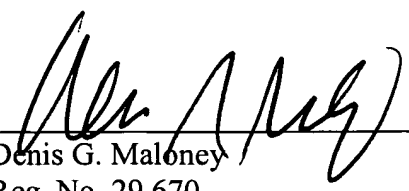
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No fee is believed due. Please apply any other charges or credits to deposit  
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Respectfully submitted,

Date: \_\_\_\_\_

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